A ‘pockets’ approach to addressing financial vulnerability

This briefing paper outlines recent evidence on financial vulnerability among families in Scotland, and draws on the Healthier, Wealthier Children case study as an example of action that could help families both at risk of, and experiencing, poverty.

Background
The recent report by the Scottish Government’s Independent Advisor on Poverty and Inequality provides some insights into how Scotland could act to reduce the numbers of people living in poverty in Scotland (Scottish Government, 2016). In 2013/14, relative child poverty rates, after housing costs, in Scotland were 22%, which although better than the UK are still too high. The report recognises the effectiveness of a range of anti-poverty actions, particularly around welfare reform, such as setting up the successful Scottish Welfare Fund and funding advice services, and recommends 15 key actions to significantly reduce the numbers living in poverty. One of these key actions includes doing more to ensure that people claim the benefits they are entitled to. Within this context this briefing paper provides recent evidence of the detrimental effects of financial vulnerability on families, and highlights an existing income maximisation intervention operating in the largest health board area in Scotland, which could contribute towards achieving the national outcome of improving the life chances for children and families at risk.

Financial vulnerability is a factor that affects most families living in poverty. Measurements of financial vulnerability are different to those of poverty and include a combination of debt, money worries and how a family is managing on their current income. Actions to alleviate poverty, such as taking on borrowing or prioritising utility bill payments and falling behind on other payments deemed less urgent, may temporarily reduce the experience of poverty but will result in increased financial vulnerability (Trearor 2015; 2016). Another facet of heightened financial vulnerability is the financial exclusion faced by many families living in poverty. Research shows that families lack information and advice on benefit entitlements, are discriminated against in the mainstream financial sector, and often resort to borrowing with very high interest rates attached, for example from doorstep lenders and high street catalogue stores (Harris et al, 2009; Stewart, 2009).

Key points
- New research using Growing Up in Scotland (GUS) data involving more than 5,000 children shows the negative associations between financial vulnerability, maternal emotional distress and children’s wellbeing.
- Successful approaches, such as the Healthier, Wealthier Children (HWC) project within NHS Greater and Glasgow and Clyde, have been shown to ‘put money into families’ pockets’.
- Adding a financial inclusion role within universal services could be a potent mechanism to ensure that children’s developmental milestones and learning outcomes are achieved.
- Taking forward the learning from the GUS and HWC evidence will contribute to delivering the Scottish Government’s National Outcomes, in particular improving the life chances for children and families at risk.

For a full list of research briefings visit our website www.crfr.ac.uk

References

Author and acknowledgements
This briefing was written by Morag Treanor with contributions from Lynn Naven and James Egan from the Glasgow Centre for Population Health.

Contact: Centre for Research on Families and Relationships*
The University of Edinburgh, 23 Buccleuch Place, Edinburgh EH8 9LN • Tel: 0131 651 1832 • E-mail: crfr@ed.ac.uk • @CRFRtweets

*A consortium of the Universities of Aberdeen, Dundee, Edinburgh, Glasgow, Glasgow Caledonian, Highlands and Islands and Stirling.

The University of Edinburgh is a charitable body, registered in Scotland, with registration number SC005336. Designed by Dawn Cattanach, CRFR. Printed by Printing Services - The University of Edinburgh.
The family stress model outlined in Figure 1 suggests that the stress induced by poverty and financial vulnerability has adverse impacts on parental emotional distress and negatively affects children in several ways (Yeung et al, 2002; Schoon, 2010; Conger et al, 2010). For example:

- Parents experiencing acute stress are able to devote less time to their child’s development and wellbeing
- Parents experiencing acute stress may be unable to display calm, confident and consistent parenting behaviours
- Children, especially older children, are fully aware of the financial and emotional stress their parent(s) are under and consequently experience their own emotional distress, despite parents’ efforts to protect them
- Financial vulnerability negatively affects children directly due to their financial exclusion from their peer group, for example in relation to social, leisure and celebratory activities (Ridge, 2002; Holscher, 2008).

**Figure 1: The family stress model**

Growing Up in Scotland - The financial vulnerability study

Growing Up in Scotland2 (GUS) is a large-scale longitudinal project that tracks the lives of children right across Scotland, from the early years through childhood and beyond. Using GUS data, recent research in Scotland shows that families living in poverty were significantly more likely to spend income on children than fathers. Furthermore, money/ welfare advice services in effect address this type of financial vulnerability.

In terms of children’s outcomes, income support policies have been described as multipurpose, in that few other policies are likely to affect so many outcomes at the same time (Mayer, 1997). Therefore, adapting and extending approaches like the HWC model to address child poverty and financial vulnerability across Scotland could support other work, such as that of the Early Years Collaborative (EYC), a multi-agency programme to improve outcomes for children and families1. Universal health services continue to support the national EYC targets which include ensuring that positive pregnancies and children’s developmental milestones and learning outcomes are achieved. Combining a financial inclusion role would provide a potent mechanism for addressing a broad range of early years national priorities.

By 2020, another 100,000 children are predicted to be pushed into poverty in Scotland with relative child poverty rates, after housing costs, expected to rise to 26.2% (Browne et al., 2014). Within the context of this worrying forecast, this briefing paper describes the negative family effects associated with financial vulnerability and highlights a cost-effective approach, in the Healthier, Wealthier Children case study, which could inform Scotland-wide action to ensure that all children have the best start in life.

Case study - Healthier, Wealthier Children project

Healthier, Wealthier Children (HWC) is an initiative that developed new approaches to providing money and welfare advice to pregnant women and families with young children experiencing, or at risk of, child poverty across NHS GGC. It involved a range of partners including NHS GGC, Glasgow City Council, other council partners, money/welfare advice organisations and the voluntary sector. During the initial 15 months development stage, HWC was primarily located within the frontline NHS early years workforce, such as midwives and health visitors, and local money/welfare advice services. Health staff identified the need for help and advice among pregnant women and families and referred them to partners in advice services.

Between 2010 and 2013, the HWC project received just over £1.32 million in funding; comprising £1m in development costs over the first 15 months and, thereafter, just over £300,000 to support successful mainstreaming between the early years and advice services operating across the NHS GGC area. Despite subsequent reductions in annual budgets, the project continues to achieve significant gains since its implementation in 2010, with minimal service redesign.

In the HWC project, midwives and health visitors have been signposting/refering to money advice services in order to maximise family income and ensure families are receiving all the financial support to which they are entitled. The latest NHS GGC performance report up until February 2016 shows that HWC has achieved just over £1 million in cumulative financial gains for over 10,300 pregnant women and families. Comparing this cumulative figure of £1 million with the initial costs of £1.3 million and combined annual costs, the project has conservatively achieved a benefit to cost ratio of around 5:1; a major achievement which exceeded the initial remit and best case scenario expectations.

In the HWC project, as a consequence of being referred to advice services, families also received additional gains, for example, help and support with childcare, housing, charitable applications, advocacy, accessing cheaper utility options as well as help with immigration and social work issues. The project also increased uptake of Healthy Start vouchers for low income families and pregnant women to spend on milk, fruit and vegetables. This snowballing of referrals and support was a positive consequence of the HWC project. Families reported being unaware of their entitlements and would not have approached traditional mainstream advice services for help (Naven et al, 2012; Naven and Egan, 2013). Furthermore, a small sub-group of families reported reduced stress, improved mood and an increased sense of self-worth and security. Some also reported an increased sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security. Some also reported a sense of self-worth and security.